

News Release



Controller of the State of California - Kathleen Connell

300 Capitol Mall, Suite 1850
Sacramento, California 95814

Contact: Byron Tucker -- 310-342-5678

FOR IMMEDIATE RELEASE

CONTROLLER ISSUES COUNTERFEIT CHECK ALERT TO BAY-AREA BUSINESSES

Connell Says Arrests Made in "Bogus" State Check Scheme

SACRAMENTO, June 9, 1998 -- Today, State Controller Kathleen Connell issued a warning to Northern California banks, businesses, grocery stores and check cashing outlets to be on the alert for counterfeit state checks. Institutions in the San Francisco Bay Area should be especially concerned.

"We've identified dozens of bogus state checks that were cashed in the Bay Area," said Connell. "By employing highly-sophisticated equipment, the counterfeiters have replicated fake state warrants that could easily pass as authentic to unsuspecting parties."

The phony checks ranged in amounts from \$346.03 to \$2,500 and were primarily targeted to institutions that normally cash tax refund or state general fund checks. To date, Connell said that her office has collected 29 state tax refund checks and five general fund checks that are remarkably similar to official state checks. However, she continued that the counterfeits, printed on pink (tax refund) and blue paper (general fund), are not perfect duplications.

"Fortunately, the fraudulent checks *are* distinguishable and unknowing banks and check cashing centers aren't completely at the mercy of the counterfeiters," Connell said. "However, I urge all affected businesses to carefully examine state tax refund and general fund checks for authenticity before any routine tendering of cash."

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Counterfeit State Checks/2-2-2

Authentic state checks (officially called warrants) contain the following statement printed at the very top: "The back of this document contains an artificial watermark - view at an angle." Counterfeit checks have no watermark and no statement at the top. Above the payee's name, official checks have a bar code (counterfeits don't). Also, directly above the numeric amount of the check is the warrant number. This number should stand alone, and not overlap any other printing on the check. Checks bearing warrant number 24-247792 should not be accepted.

Connell noted that the Controller's Special Investigation Bureau has already made several arrests in conjunction with other law enforcement agencies: "Our office waged an intense investigation to collapse this counterfeit ring. We're working with local police departments and are confident all the perpetrators will be caught. Any businesses coming into contact with suspected bad checks should immediately call local law enforcement agencies. As more and more people elect to receive state payments via electronic filing and direct deposits, we hope future illicit activities will be deterred."

The following cities had counterfeit checks cashed in their vicinity: Millbrae, Oakland, Sacramento, San Bruno, San Leandro, San Francisco and Vallejo. Financial institutions seeking more information on the counterfeit state checks should call the Special Investigations Bureau at 916/324-4196.

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